

Message Text

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62

ORIGIN COME-00

INFO OCT-01 NEA-10 IO-14 ISO-00 EB-11 SS-20 AGR-20 CEA-02

CIAE-00 DODE-00 FRB-02 H-03 INR-10 INT-08 L-03 LAB-06

NSAE-00 NSC-10 PA-04 RSC-01 AID-20 CIEP-02 STR-08

TAR-02 TRSE-00 USIA-15 PRS-01 SPC-03 FEA-02 OMB-01

SAM-01 AF-10 ARA-16 EA-11 EUR-25 OIC-04 /246 R

DRAFTED BY COMMERCE/OTP:DSCHLECHTY:JM

APPROVED BY EB/OT/GCP:JEO'MAHONY

NEA/INS:RLORTON (DRAFT)

AGRICULTURE:RMCCONNELL (SUBS

STR:DWHITNACK (SUB)

TREASURY:WBARREDA (SUBS)

COMMERCE:JHALDANE

----- 071695

R 281932Z FEB 74

FM SECSTATE WASHDC

TO AMEMBASSY COLOMBO

INFO USMISSION GENEVA

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E.O. 11652: N/A

TAGS: GATT, ETRD, CE

SUBJECT: GATT ARTICLE XXVIII RENEGOTIATIONS - SRI LANKA

REFS: A. COLOMBO 488; B. STATE 32206; C. COLOMBO 230;

D. TSC DOC. 73-2, 15 JAN 73

WASHINGTON RESPONSES TO QUESTIONS RAISED REFTEL A PRESENTED
IN SAME ORDER AS RAISED:

1. OMISSION OF REF TO WAIVER AND INCREASED PREFERENCE
MARGINS ON CITRUS DOES NOT MEAN ISSUES DROPPED. GSL REMAINS
IN VIOLATION GATT AS POINTED OUT PARA 5B REF B. HOWEVER, IN
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VIEW APPARENT GSL RELUCTANCE SEEK RENEWAL OF WAIVER WHICH

EXPIRED 31 DEC. 1971, RAPID SETTLEMENT RATHER THAN
WAIVER RENEWAL OFFERS BEST APPROACH IN REGULARIZING GSL'S
GATT STATUS WITH RESPECT TO TARIFF CHANGES. WE OF COURSE
PREFER PERMANENT SOLUTION THROUGH RENEGOTIATIONS. FYI -
SHOULD RAPID SETTLEMENT THIS OUTSTANDING ISSUE NOT BE

POSSIBLE WE MIGHT NOT HAVE ANY ALTERNATIVE BUT CALL
ATTENTION TO GSL VIOLATIONS IN GATT COUNCIL. END FYI.
CITRUS ISSUE NOT RAISED SINCE WE DO NOT WISH ESSENTIALLY
TECHNICAL QUESTION GET IN WAY OF SATISFACTORY CONCLUSION
OF ART. 28 NEGOTIATIONS. IF GSL WILLING ACCEPT FORMULATION
SETFORTH REF B AS BASIS FOR SETTLEMENT WE PREPARED CONSIDER
FAVORABLY GSL FORMULATION ON CITRUS QUESTION AS SETFORTH IN
PARA 1C REF C.

2. EMBASSY SHOULD IGNORE DISCREPANCY PART III A&B
(BTN 84.22) REF D. GSL IMPORTS PARTS AND MACHINES REPORTED
SEPARATELY PRIOR 1969 AND CONSEQUENTLY SO REPORTED IN
REF D. U.S. INTEREST IS IN BINDING ON BTN 84.22 PER PARA
3 REF B WHICH INCLUDES BOTH MACHINES AND PARTS.

3. GATT L/3530 IS WAIVER DECISION OF CONTRACTING
PARTIES (ARTICLES I AND II) TO PERMIT GSL TO APPLY
INCREASED DUTIES PENDING COMPLETION OF ARTICLE XXVIII
CONSULTATIONS AND NEGOTIATIONS. NEGOTIATIONS WERE TO BE
COMPLETED BY WAIVER EXPIRATION DATE OF 31 DECEMBER 1971.
GATT L/3530 (COPY SENT BY AIR POUCH) NOT CRUCIAL TO
EMBASSY REPRESENTATIONS.

4. ONCE USG AND GSL AGREEMENT REACHED ON ARTICLE
XXVIII CONCESSION PACKAGE, JOINT GSL AND USG NOTIFICATION
TO GATT WILL BE ARRANGED BY OUR MISSIONS AT GENEVA.
GENEVA MAY WISH TO OFFER FURTHER COMMENTS ON PROCEDURES.

5. WE BELIEVE CONTINGENCY POSITION (OF POSSIBLY
RAISING GSL GATT VIOLATION IN FUTURE COUNCIL MEETING) BEST
HELD IN ABEYANCE PENDING FORMAL GSL RESPONSE TO OUR
COMPENSATION REQUEST. WE PREFER REBINDINGS ON BTN ITEMS
SPECIFIED IN PARA 3 REF B BUT WILLING CONSIDER ANY
REASONABLE GSL OFFERS ON ALTERNATIVE BTN CATEGORIES
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WHERE RECENT INFORMATION WOULD INDICATE PRESENT OR
POTENTIAL U.S. EXPORT INTEREST. WE ARE NOT PREPARED TO
OFFER CONCESSIONS AS MEANS OF PERSUADING GSL TO FULFILL
ITS ARTICLE XXVIII OBLIGATIONS. CASEY

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